Levy of high user charges in rural areas by banks

2145. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Nationalised Bank levy higher user-charges in rural areas than in urban areas;

(b) whether the RBI has allowed such a discriminating policy against rural bank users;

- (c) whether it is a fact that banks charge higher fees for bank drafts, cheque encashment in rural areas;

(d) what is the policy RBI has enunciated in this matter; and

(e) steps proposed to review a policy whereby rural consumers pay more **and** get less services from banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) With effect from September, 1999, banks have been permitted to fix the service charges for various types of services rendered by them, with the approval of their Board of Directors. Therefore, individual banks decide their own service charges. Reserve Bank of India (RBI) has not come across any instance of banks levying higher service charges in rural areas as compared to urban areas,

RBI has requested National Council of Applied Economic Research (NCAER) to carry out a study on the services rendered to Depositors and Small Borrowers in Rural and Semi-urban areas. The objective of the study is to find out the quality of services rendered by branches of commercial banks to their customers, both depositors and small borrowers in rural and semi-urban areas.

Expert **Committee on Income Tax Act**

2146. SHRI LALIT SURI: Will the Minister of FINANCE be pleased to state:

(a) whether there is a proposal under Government's consideration

to appoint an Expert Committee to look into the changes to be made in the present Income Tax Act;

(b) if so, whether the personnel for the Committee have been identified and the time-frame decided for it to complete and submit its recommendations; and

(c) if so, the details in this regard and by when the amending Bill is likely to be introduced?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Government has already constituted an Expert Group comprising of the officers of the Ministry of Finance, Ministry of Law and Justice, and Income Tax Department to prepare a draft for the revised and simplified Income Tax Law. The Group is expected to submit its report by 31.12.2005. The schedule for introducing the Bill in this regard shall be decided after examination of the report of the Group by the Government.

Extension of banks in smaller cities of Russia

2147. SHRI R.S. GAVAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Russian Banking Association is asking Indian banks to extend their banking services in smaller cities in Russia;

(b) if so, the details thereof;

(c) whether Indian Banks Association is in favour of this proposal;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. Reserve Bank of lndia has not received any reference from Russian Banking Association asking Indian banks to extend banking services in small cities of Russia

(b) to (e) Do not arise.